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COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
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May 22, 2003

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**DELEGATION OF AUTHORITY TO THE DIRECTOR OF HEALTH SERVICES
TO AMEND THE COUNTY'S MEDI-CAL INPATIENT CONTRACT TO DELETE
HIGH DESERT HOSPITAL AS A SERVICE LOCATION (All Districts) (3 Votes)**

IT IS RECOMMENDED THAT YOUR BOARD:

Delegate authority to the Director of Health Services or his designee to negotiate, execute, and submit to the Director of the State Department of Health Services for signature, as a confidential document, an amendment to the County's Medi-Cal inpatient contract to remove the obligation to provide services at High Desert Hospital after it ceases to be licensed to the County of Los Angeles as a general acute care hospital.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

In approving this action, the Board is delegating authority to the Director of Health Services or his designee to amend the County's Selective Provider Contract ("Medi-Cal contract") with the State of California so that the County will no longer have an obligation to provide services to Medi-Cal inpatients at High Desert Hospital (HDH) after it ceases to be licensed to the County. The California Medical Assistance Commission (CMAC) is preparing the amendment for the County's consideration and execution.

BOARD OF SUPERVISORS

Gloria Molina
First District

Yvonne Brathwaite Burke
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

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While the County's immediate need for such an amendment is to implement your Board's decision to discontinue inpatient services at HDH, CMAC has indicated that it might prefer a more generic amendment which would also allow for the removal of any County hospital as a service location under the Medi-Cal contract should that hospital's license to provide general acute hospital care be surrendered or removed. Thus, the Director of Health Services is requesting the authority to sign the amendment in either form, as proffered by CMAC. By tying a hospital's removal from the Medi-Cal contract with the date that its general acute care license is surrendered, the amendment would allow the County to continue to receive Medi-Cal reimbursement up until closure of the facility, thereby maximizing revenues.

FISCAL IMPACT/FINANCING:

This action will mean that, until the amendment's effective date, the Department of Health Services will be able to claim reimbursement from Medi-Cal for inpatient services provided at High Desert.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

The County currently has a contractual obligation to provide care to Medi-Cal patients at all of its inpatient sites. As a result of the decision to close HDH, it is necessary to modify this contractual obligation. The contract amendment will be structured so that the legal obligation to provide care ends when the hospital is no longer licensed to the County as an acute care hospital. CMAC is currently considering whether the amendment should be specific to High Desert, or more generically written to cover any County hospital that may surrender its general acute care license in the future, to accommodate the County should it choose to further reconfigure its system. The surrender of any other County hospital license would only be taken after appropriate Board action.

County Counsel will review and approve any amendment to the County's Medi-Cal contract before it is executed by the Director.

Any amendment to the County's Medi-Cal Contract will be on file with DHS' Financial Applications and Revenue Services Division, and will be maintained in a confidential manner in compliance with Government Code Section 6254(q) which provides that a) non-rate related contract terms are not subject to public disclosure until one year from the date of execution, and b) the portion of the contract containing rates is not subject to public disclosure until three years after the contract terms can be disclosed. Consistent with the confidentiality provided for by Government Code Section 6254(q), the Director shall inform the Board of the exact terms of any executed contract amendment by confidential memorandum.

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CONTRACTING PROCESS:

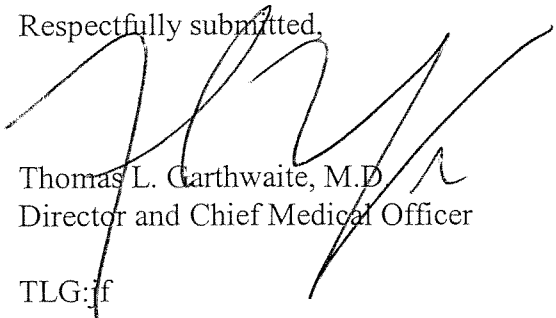
CMAC is the sole State agency with authority for negotiating Medi-Cal contract amendments.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

The contract amendment will have no impact on the ability of the other County hospitals to claim Medi-Cal reimbursement for inpatient services.

When approved, this Department requires three signed copies of the Board's actions.

Respectfully submitted,



Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

TLG:jf

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors
Auditor-Controller